Financial Statements of

RED RIVER COLLEGE POLYTECHNIC

And Independent Auditor’s Report thereon

Year ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Red River College Polytechnic

Opinion

We have audited the financial statements of Red River College Polytechnic (the Entity), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2026, and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 22, 2026

RED RIVER COLLEGE POLYTECHNIC

Statement of Financial Position
(In thousands of dollars)

March 31, 2026, with comparative information for 2025

	2026	2025
Financial assets:		
Cash and cash equivalents	$ 116,398	$ 122,455
Short-term investments (note 3)	1,146	1,109
Accounts receivable (note 4)	11,106	10,505
Due from Province of Manitoba (note 7)	9,636	9,636
Portfolio investments - restricted for endowments (note 6)	62,693	53,203
	200,979	196,908
Financial liabilities:		
Accounts payable and accrued liabilities (note 10)	44,593	46,152
Unearned revenue (note 16)	44,197	44,300
Unspent capital funding	1,163	1,409
Asset retirement obligations (note 9)	33,515	31,794
Long term loan - Province of Manitoba (note 11)	43,100	44,300
Loan payable (note 12)	5,167	5,477
Province of Manitoba funded promissory notes (note 13)	200,129	199,386
Employee future benefits (note 14)	29,019	23,802
	400,883	396,620
Net debt	(199,904)	(199,712)
Non-financial assets:		
Tangible capital assets (note 8)	328,897	337,218
Inventories	2,019	1,929
Prepaid expenses	4,805	2,666
	335,721	341,813
Accumulated surplus (note 23)	$ 135,817	$ 142,101

Commitments and contingencies (note 19)
Contractual rights (note 20)
Subsequent event (note 24)

See accompanying notes to financial statements.

Approved by the Board of Governors:

signed ______________________ Chair   signed ______________________ Board member

RED RIVER COLLEGE POLYTECHNIC

Statement of Operations and Accumulated Surplus
(In thousands of dollars)

Year ended March 31, 2026, with comparative information for 2025

	2026 Budget (Note 5)	2026	2025
Revenue:			
Student tuition and academic fees	$ 81,528	$ 77,999	$ 82,361
Grants:			
Government of Manitoba grants	168,674	163,964	161,795
Federal and other government grants	17,408	15,889	15,823
Ancillary revenue	7,940	6,848	6,763
Contributions and other revenue	18,121	25,594	29,494
Interest income	3,060	3,312	5,007
	296,731	293,606	301,243
Expenses (note 15):			
Academic instruction	149,756	148,028	142,520
Student support and general operations	82,746	86,164	72,924
Facility operations and maintenance	33,416	30,609	33,487
Amortization of tangible capital assets	20,338	19,437	17,915
Ancillary services	5,775	4,556	4,595
Interest expense	11,474	11,096	11,080
	303,505	299,890	282,521
Annual surplus (deficit)	(6,774)	(6,284)	18,722
Accumulated surplus, beginning of year		142,101	123,379
Accumulated surplus, end of year		$ 135,817	$ 142,101

See accompanying notes to financial statements.

RED RIVER COLLEGE POLYTECHNIC

Statement of Changes in Net Debt
(In thousands of dollars)

Year ended March 31, 2026, with comparative information for 2025

	2026 Budget (Note 5)	2026	2025
Annual surplus (deficit)	$ (6,774)	$ (6,284)	$ 18,722
Acquisition of tangible capital assets	(14,300)	(10,653)	(19,136)
Remeasurement of asset retirement obligation	–	(463)	(377)
Amortization and disposals of tangible capital assets	20,338	19,437	17,915
Change in inventories	–	(90)	(213)
Change in prepaid expenses	–	(2,139)	(159)
Change in net debt	(736)	(192)	16,752
Net debt, beginning of year		(199,712)	(216,464)
Net debt, end of year		$ (199,904)	$ (199,712)

See accompanying notes to financial statements.

RED RIVER COLLEGE POLYTECHNIC

Statement of Cash Flows
(In thousands of dollars)

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ (6,284)	$ 18,722
Items not involving cash:		
Amortization and disposals of tangible capital assets	19,437	17,915
Changes in non-cash operating working capital balances (note 17)	725	1,385
Accretion expense (note 9)	1,258	1,195
	15,136	39,217
Investing activities:		
Purchase of capital assets	(10,653)	(19,136)
Change in portfolio investments	(9,490)	(6,395)
Change in short-term investments	(37)	(57)
Decrease in unspent capital funding	(246)	(21)
	(20,426)	(25,609)
Financing activities:		
Principal repayments on loan payable	(310)	(310)
Principal repayments on loan – Province of Manitoba	(1,200)	(1,200)
Proceeds on Province of Manitoba funded promissory notes	7,360	11,500
Repayment on Province of Manitoba funded promissory notes	(6,617)	(6,296)
	(767)	3,694
Increase (decrease) in cash and cash equivalents	(6,057)	17,302
Cash and cash equivalents, beginning of year	122,455	105,153
Cash and cash equivalents, end of year	$ 116,398	$ 122,455

See accompanying notes to financial statements.

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1. General:

Red River College Polytechnic (the "Polytech") was established as a board-governed institution on April 1, 1993, and was governed by *The Colleges Act of Manitoba* until June 30, 2015 when it became governed by its own Act, *The Red River College Act*. Effective June 1, 2022, *The Red River College Polytechnic Act* is the institution's governing legislation. The Polytech is a registered charity under the *Income Tax Act.*

2. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS) without Sections PS4200-4270.

(b) Revenue recognition:

Government transfers from the Province of Manitoba are recognized as revenue in the period in which all eligibility criteria have been met and the amounts are authorized.

When revenue is received without eligibility criteria and with stipulations, it is recognized when the government transfer is authorized, except when, and to the extent, the transfer gives rise to an obligation that meets the definition of a liability for the Polytech. If the obligation does meet the definition of a liability, the related revenue is recognized as the obligation is settled. Funding received for the acquisition or development of tangible capital assets is recognized as revenue in one of two ways:

i. Assets funded by debt (Province of Manitoba funded promissory notes): revenue is recognized when the debt principal and interest payment funding is received.

ii. Assets funded by an allocation of cash: revenue is recognized immediately when all eligibility criteria are met and no stipulations exist. If stipulations exist and the funding obligation meets the definition of a liability for the Polytech, the revenue is deferred until the stipulations are met.

2. Significant accounting policies (continued):

Any unrestricted non-government contributions or grants are recorded as revenue in the year received, or in the years the funds are committed to the Polytech if the amount can be reasonably estimated and collection is reasonably assured.

All non-government contributions or grants that are externally restricted, and the associated externally restricted investment income, are recorded as unearned revenue if the restrictions or performance obligations imposed by the contributors are not satisfied. These resources are recognized as revenue as the terms are met and when the Polytech complies with its communicated use.

Investment income includes dividends, interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments, exclusive of restricted transfers or donations, are recognized in the statement of operations when the related investments are sold. The Polytech's portfolio investments at March 31, 2026 and March 31, 2025 are restricted for endowments with the unrealized gains and losses recorded in unearned revenue. As the remaining unrestricted portfolio investments are in short-term deposits, the carry-value approximates the fair value and no unrealized gains or losses exists on the unrestricted portfolio investments.

The unearned portion of tuition fees and contractual training revenue received, but not earned until a future fiscal period, is recorded as unearned revenue.

Ancillary revenue is recognized as revenue when earned.

(c) Capital assets:

Purchased capital assets are recorded at cost. Donated capital assets are recorded at their estimated fair value at the time of the donation. Library holdings are accounted for using the base stock method. Under this method, the value of the base stock is capitalized, but subsequent purchases are not capitalized because it has been determined that annual additions are approximately equal to reductions. Capital assets are amortized on a straight-line basis using an annual rate applied to the various classes of assets as follows:

(In thousands of dollars)

2. Significant accounting policies (continued):

Asset	Rate
Buildings	2.5 - 5%
Major renovations	5% or building remaining useful life if less than 20 years
Equipment and furniture	10 - 20%
Computer equipment and software	20 - 33%
Vehicles	20%
Aircraft	5%
Leasehold improvements	Over the term of the lease
Parking lot improvements	5%
Capital renovations	20%
Leased computers and equipment	10-33%

Construction in progress is transferred to the appropriate capital asset category and amortization begins when the capital project is completed and the asset is placed in service.

(d) Asset retirement obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

A liability for the retirement of various assets has been recorded, as outlined in note 9.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Polytech reviews the carrying amount of the liability. The Polytech recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows, or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Polytech continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

2. Significant accounting policies (continued):

(e) Inventories:

Inventories are valued at cost.

(f) Accrued retirement severance pay:

Eligible employees of the Polytech are eligible to receive a severance payout at retirement. The accrued retirement severance pay is actuarially determined, with any actuarial gain or loss amortized over the expected average remaining service life (EARSL) of the membership group.

(g) Other accumulated employee benefits:

The accumulated non-vested sick leave and long term disability leave benefits are calculated annually utilizing a valuation method which takes into account the number of sick days used in excess of the annual sick days earned, average employee compensation per day and historical long-term disability experience.

(h) Education and training benefits:

The Polytech receives government grants for specified projects with industry partners. The Polytech receives education and training benefits from these projects. The Polytech records both the revenue and the expenditures relating to these projects in the period incurred.

(i) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported on initial recognition, and subsequently, at fair value. All other financial instruments are subsequently recorded at cost, or amortized cost, unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in unearned revenue until they are realized, at which point they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments, measured subsequently at fair value, are expensed as incurred.

All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

2. Significant accounting policies (continued):

(i) Financial instruments (continued):

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted to the income statement.

When the asset is sold, the unrealized gains and losses previously recognized in the unearned revenue are recognized in the statement of operations.

(j) Foreign currency translation:

Monetary assets and liabilities in foreign currencies have been translated into Canadian dollars on a monthly basis, at month end exchange rates, with any gain or loss included in income in the same month. Revenues and expenses have been translated at the exchange rate in effect at the transaction date.

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items to such estimates and assumptions include the estimated useful life of an asset, assumptions used in determining employee future benefits and expected asset retirement costs. Actual results could differ from those estimates.

3. Short-term investments:

Short-term investments amounting to $1,146 as at March 31, 2026 (2025 - $1,109) represent short-term investments held with the Department of Finance of the Province of Manitoba (the “Province”) incurring interest at 2.38 percent and maturing on October 2, 2026.

The carrying value of the short-term investments at the beginning and end of the period approximated fair value due to the short-term maturity of these investments.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

4. Accounts receivable:

		2026		2025
Trust and endowment receivables	$	215	$	183
Tuition and fees receivable		2,834		2,077
Trades receivable		3,654		4,298
Capital funding receivable		133		–
Other accounts receivable		4,270		3,947
	$	11,106	$	10,505

5. Budget:

On April 28, 2025, the Board of Governors approved the budget for the Polytech for the year ended March 31, 2026.

6. Portfolio investments - restricted for endowments:

	2026				2025			
		Fair value		Cost		Fair value		Cost
Cash and fixed term instruments	$	23,193	$	23,274	$	20,998	$	21,120
Equity investments		37,380		22,032		29,817		18,905
Debentures		2,120		2,120		2,388		2,388
	$	62,693	$	47,426	$	53,203	$	42,413

The fixed term investments and debentures mature between fiscal 2026 and 2041 and bear interest at rates between 2.00 percent and 5.70 percent (2025 – 2.00 percent and 5.70 percent).

The Polytech's assets which are recorded at fair value are required to be classified into one of three levels, depending on the inputs used for valuation. The hierarchy of inputs is summarized below:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

6. Portfolio investments - restricted for endowments (continued):

	Level 1	Level 2	Level 3	2026 Total
Cash held for investment purposes	$ 16	–	–	$ 16
Canadian equity investments	27,416	–	–	27,416
US equity investments	5,904	–	–	5,904
Fixed income securities	–	25,297	–	25,297
Real estate	–	–	4,060	4,060
	$ 33,336	$ 25,297	$ 4,060	$ 62,693

	Level 1	Level 2	Level 3	2025 Total
Cash held for investment purposes	$ 50	–	–	$ 50
Canadian equity investments	21,780	–	–	21,780
US equity investments	4,970	–	–	4,970
Fixed income securities	–	23,336	–	23,336
Real estate	–	–	3,067	3,067
	$ 26,800	$ 23,336	$ 3,067	$ 53,203

The change in fair value in the level 3 classification from March 31, 2025 to March 31, 2026 is due to unrealized gains of $47 and purchase of new investment of $936 (2025 - gains of $79).

7. Due from Province of Manitoba:

The balance due from the Province is non-interest bearing, unsecured and has no fixed terms of repayment. The balance outstanding at March 31, 2026 of $9,636 (2025 - $9,636) arose from the transfer of the severance and vacation pay liabilities for employees transferred from the Province to the Polytech in 1996.

The Polytech is responsible for funding liabilities for vacation pay and severance pay benefits accumulated after the transfer of employees through its general revenues. As a result, the change in the severance liability, including the interest accretion, is reflected in the funding for severance expense.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

8. Tangible capital assets:

Cost	Balance at March 31, 2025	Additions	Disposals / transfers remeasurement	2026 Total	2025 Total
Land	$ 18,631	$ –	$ –	$ 18,631	$ 18,631
Equipment and furniture	89,507	2,167	(201)	91,473	89,507
Computer equipment and software	12,087	56	(42)	12,101	12,087
Major renovations	20,598	2,840	–	23,438	20,598
Buildings	380,726	463	–	381,189	380,726
Vehicles	1,833	139	(24)	1,948	1,833
Aircraft	4,590	–	–	4,590	4,590
Leasehold improvements	5,138	–	–	5,138	5,138
Construction in progress	5,679	6,932	(2,269)	10,342	5,679
Assets under capital leases	14,040	–	(277)	13,763	14,040
Library holdings	1,223	–	–	1,223	1,223
Parking lot improvements	5,413	–	–	5,413	5,413
Capital renovations	8,699	821	–	9,520	8,699
	$ 568,164	$ 13,418	$ (2,813)	$ 578,769	$ 568,164

Accumulated Amortization	Balance at March 31, 2025	Additions	Disposals	2026 Total	2025 Total
Equipment and furniture	$ 66,753	$ 5,072	$ (168)	$ 71,657	$ 66,753
Computer equipment and software	9,864	791	(42)	10,613	9,864
Major renovations	6,245	897	–	7,142	6,245
Buildings	115,455	11,613	–	127,068	115,455
Vehicles	1,399	218	(24)	1,593	1,399
Aircraft	3,116	153	–	3,269	3,116
Leasehold improvements	5,138	–	–	5,138	5,138
Assets under capital leases	14,040	–	(277)	13,763	14,040
Parking lot improvements	1,942	206	–	2,148	1,942
Capital renovations	6,994	487	–	7,481	6,994
	$ 230,946	$ 19,437	$ (511)	$ 249,872	$ 230,946

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

8. Tangible capital assets (continued):

Net Book Value	2026	2025
Land	$ 18,631	$ 18,631
Equipment and furniture	19,816	22,754
Computer equipment and software	1,488	2,223
Major renovations	16,296	14,353
Buildings	254,121	265,271
Vehicles	355	434
Aircraft	1,321	1,474
Construction in progress	10,342	5,679
Library holdings	1,223	1,223
Parking lot improvements	3,265	3,471
Capital renovations	2,039	1,705
	$ 328,897	$ 337,218

9. Asset retirement obligations:

The Polytech's asset retirement obligations consist of several obligations as follows:

(a) The Polytech owns and operates fuel storage tanks, sewage lift station, and various equipment for which the Polytech is legally required to perform appropriate decommissioning and disposal activities. A total liability of $341 has been recorded for the estimated cost of these activities as at March 31, 2026 (2025 - $341).

(b) The Polytech owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building, and there is a legal obligation for the Polytech to perform asbestos abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed.

The estimated liability of $33,174 (2025 - $31,453) for the asbestos related to asset retirement obligations is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.00 percent (2025 - 4.00 percent) and assuming an annual inflation rate of 2.00 percent (2025 - 2.00 percent). The Polytech has not designated assets for settling the abatement activities; these will be identified in the normal course of planning for building renovation or demolition.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

9. Assets retirement obligations (continued):

Changes to the asset retirement obligations in the year are as follows:

	2026	2025
Balance, Beginning of year	$ 31,794	$ 30,222
Accretion expense	1,258	1,195
Remeasurement of asset retirement obligations	463	377
Estimated total liability end of year	$ 33,515	$ 31,794

10. Accounts payable and accrued liabilities:

	2026	2025
Trade payables and holdback liability	$ 4,526	$ 6,511
Accrued vacation pay	23,096	21,287
Other accrued liabilities	16,971	18,354
	$ 44,593	$ 46,152

11. Long term loan – Province of Manitoba:

A loan payable is due to the Province of Manitoba on or before the contractual term maturity date of February 28, 2062. The loan payable bears interest at 3.50 percent per annum.

Principal repayments over the next five years are $1,200 per year from fiscal 2027 to fiscal 2030.

12. Loan payable:

A loan payable is due to Toronto-Dominion Bank on or before the contractual term maturity date of November 30, 2042. The loan payable bears interest at prime less 0.9 percent.

Principal repayments over the next five years are $310 per year from fiscal 2027 to fiscal 2030.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

13. Province of Manitoba funded promissory notes:

The balances of the promissory notes are as follows:

	2026	2025
Princess Street campus:		
Phase 1 - 6.3% interest, maturing July 31, 2042, repayable in monthly instalments which in the current year ranged from $58 - $62 including principal and interest.	$ 5,760	$ 6,112
Phase 2 - 6.3% interest, maturing July 31, 2043, repayable in monthly instalments which in the current year ranged from $100 - $107 including principal and interest.	10,294	10,888
Phase 3 - 6.3% interest, maturing March 31, 2044, repayable in monthly instalments which in the current year ranged from $42 - $45 including principal and interest.	4,375	4,619
Heavy Equipment Transportation Centre of Excellence:		
5.5% interest, maturing January 31, 2048, repayable in monthly instalments of $60 including principal and interest.	9,193	9,405
Paterson Global Foods Institute:		
4.0% interest, maturing April 30, 2053, repayable in monthly instalments ranging from $61 - $65 in the current year including principal and interest.	9,818	10,180
Notre Dame Campus:		
3.9% interest, maturing March 31, 2056, repayable in monthly instalments ranging from $408 - $436 in the current year including principal and interest.	70,470	72,819
3.9% interest, maturing March 31, 2056, repayable in monthly instalments ranging from $4.0 - $4.2 in the current year including principal and interest.	686	708
Skilled Trades and Technology Centre (STTC):		
3.9% interest, maturing March 31, 2056, repayable in monthly instalments ranging from $32 - $34 in the current year including principal and interest.	5,546	5,731
3.875% interest, maturing January 31, 2059, repayable in monthly instalments ranging from $246 - $263 in the current year including principal and interest.	44,494	45,849

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

13. Province of Manitoba funded promissory notes (continued):

	2026	2025
Deferred maintenance:		
4.125% interest, maturing March 31, 2057, repayable in monthly instalments of $4.5 - $4.9 in the current year including principal and interest.	775	800
3.875% interest, maturing April 30, 2058, repayable in monthly instalments of $9.0 - $9.6 in the current year including principal and interest.	1,604	1,654
3.350% interest, maturing January 31, 2062, repayable in monthly instalments of $18 - $19 in the current year including principal and interest.	3,583	3,683
4.650% interest, maturing December 31, 2062, repayable in monthly instalments of $22 - $23 in the current year including principal and interest.	3,675	3,775
5.300% interest, maturing September 30, 2063, repayable in monthly instalments of $24 - $26 in the current year including principal and interest.	3,750	3,850
4.550% interest, maturing December 31, 2064, repayable in monthly instalments of $22 - $24 in the current year including principal and interest.	3,875	3,975
5.050% interest, maturing September 30, 2065, repayable in monthly instalments of $24 - $25 in the current year including principal and interest.	3,950	
5.050% interest, maturing March 31, 2066.	3,360	
Motive lab:		
3.250% interest, maturing July 31, 2059, repayable in monthly instalments of $6.3 - $6.7 in the current year including principal and interest.	1,250	1,288
Nursing program expansion capital investment:		
4.525% interest, maturing October 31, 2032, repayable in monthly instalments of $3.0 - $3.2 in the current year including principal and interest.	186	215
Interdisciplinary Health & Community Services Simulation Centre:		
4.750% interest, maturing September 30, 2064, repayable in monthly instalments of $70 - $76 in the current year including principal and interest.	12,031	12,344
Price Institute of Advanced Manufacturing and Mechatronics:		
4.550% interest, maturing December 31, 2064, repayable in monthly instalments of $8.2 - $8.9 in the current year including principal and interest.	1,454	1,491
	$ 200,129	$ 199.386

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

14. Employee future benefits:

		2026		2025
Accrued retirement severance pay	$	22,835	$	21,474
Other accumulated employee benefits		6,184		2,328
	$	29,019	$	23,802

The significant assumptions adopted in measuring the Polytech's severance obligations as at March 31, 2026 include a discount rate of 4.70 percent (2025 - 4.30 percent) and a rate of salary increase of 4.00 percent (2025 - 3.50 percent). Actuarial gains and losses are amortized over the expected average remaining service life of the membership group (EARSL) which is estimated to be 9 years (2025 - 9 years).

The accrued retirement severance pay is actuarially determined on an annual basis. The most recent actuarial report was prepared on March 31, 2026. Information about the Polytech's accrued retirement severance pay is as follows:

		2026		2025
Accrued retirement severance pay	$	24,074	$	22,461
Unamortized actuarial loss		(1,239)		(987)
Balance, end of year	$	22,835	$	21,474

		2026		2025
Balance, beginning of year	$	21,474	$	20,058
Current benefit cost		1,800		1,549
Interest		969		989
Amortization of actuarial loss		242		162
Benefits paid		(1,650)		(1,284)
Balance, end of year	$	22,835	$	21,474
Employer current service cost as a percentage of salary		1.12%		1.06%

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

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14. Employee future benefits (continued):

The Polytech provides accumulating sick leave and long term disability benefits to certain employee groups. These benefits accumulate with employee service and benefit amounts and are determined with reference to employees' final earnings at the time they are paid out. The significant assumptions adopted in measuring the Polytech's other accumulated employee benefits include discount rates between 4.00 percent and 4.30 percent (2025 - 4.00 percent) and a rate of salary increase of 4.00 percent (2025 - 3.50 percent).

15. Classification of expenditures by object:

The statement of operations reports the expenditures by function; the following classifies those same expenditures by object:

	2026	2025
Salaries and employee benefits	$ 210,406	$ 189,819
Materials, supplies and services	39,588	44,601
Utilities	3,758	4,107
Maintenance and repairs	8,201	7,899
Costs of goods sold	2,065	2,262
Amortization of tangible capital assets	19,437	17,915
Accretion on asset retirement obligation	1,258	1,195
Interest expense	11,202	11,177
Scholarships and bursaries	3,975	3,546
Total expenditures by object	$ 299,890	$ 282,521

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

16. Unearned revenue:

Unearned revenue represents the unearned portion of grants received where external stipulations outlined by agreement have not been met and other unearned revenue from tuition, student residences charges and other amounts received relating to future fiscal periods.

		2026		2025
Tuition	$	19,635	$	21,900
Projects		5,414		7,549
Apprenticeship		1,404		1,384
Unrealized net gain attributable to portfolio investments related to endowments		16,016		11,951
Other		1,728		1,516
	$	44,197	$	44,300

17. Changes in non-cash working capital balances:

		2026		2025
Accounts receivable	$	(601)	$	(3,946)
Inventories		(90)		(213)
Prepaid expenses		(2,139)		(159)
Accounts payable and accrued liabilities		(1,559)		9,574
Unearned revenue		(103)		(5,260)
Future employee benefits		5,217		1,389
Changes in non-cash working capital	$	725	$	1,385

18. Pension costs and obligations:

The Polytech, together with other related and unrelated parties, is part of a defined benefit pension plan (Civil Service Superannuation Plan) that satisfies the definition of a multi-employer plan. The costs of the benefit plan are not allocated to the individual entities within the group. As a result, individual entities within the group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada’s Handbook, Public Sector Accounting Standards, Section 3250, and Retirement Benefits.

The expense related to the pension plan was $11,410 (2025 - $10,114). These contributions represent the total pension obligations of the Polytech. The Polytech is not required under present legislation to make contributions with respect to any actuarial deficiencies of the plan.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

19. Commitments and contingencies:

The Polytech leases classroom and office space in Winnipeg, Steinbach, Southport, and Winkler, as well as in the Interlake region of Manitoba. The Polytech has also contracted for services, as well as leased certain computer and other equipment. Minimum annual operating lease and contractual commitment payments for accommodation and services, in aggregate, is included in the following table.

2027	$	1,470
2028		1,316
2029		804
2030		505
2031		382
	$	4,477

Contingencies:

The Polytech is involved in various legal matters arising in the ordinary course of business. Management believes the resolution of these matters is not likely to have a material adverse effect on the Polytech's financial position, results of operations or cash flows.

20. Contractual rights:

The Polytech is involved in various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources, leading to both assets and revenue in the future. The contractual rights exclude Province of Manitoba funded promissory notes (note 13).

2027	$	274
2028		172
	$	446

21. Financial risks:

(a) Credit risk:

Credit risk is the risk to the Polytech's earnings arising from the risk that a counter party to a transaction is unable to satisfy its obligations to the Polytech. Credit risk is mitigated by the fact that the Polytech's accounts receivable are comprised of a large number of comparatively small individual balances. Reviews are made of the credit worthiness of accounts and allowances established as required.

There has been no significant change to the credit risk exposure from 2025.

(b) Interest rate and foreign exchange risk:

Interest rate risk is the risk that the fair value of future cash flows, or a financial instrument, will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Polytech to cash flow interest rate risk. The Polytech is exposed to this risk through its loan payable.

The Polytech is subject to foreign exchange risk because a portion of its financial instruments are denominated in foreign currencies.

The financial risk is the risk to the Polytech's earnings that arises from fluctuations in interest rates and foreign exchange rates and the degree of volatility of these rates. The Polytech does not use derivative instruments to reduce its exposure to interest rate and foreign exchange risk.

The Polytech's investments, including fixed term investments and debentures, are disclosed in note 6.

There has been no significant change to the interest rate and foreign exchange risk exposure from 2025.

RED RIVER COLLEGE POLYTECHNIC

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

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21. Financial risks (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Polytech will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Polytech manages its liquidity risk by monitoring its operating requirements.

The Polytech prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2025.

(d) Market risk:

Market risk is the risk that changes in market prices, such as the fair value of financial instruments and interest rates, will affect the Polytech's revenue or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

There have been no significant changes to the market risk exposure from 2025

22. Economic dependence:

The Polytech received approximately 48 percent (2025 - 46 percent) of its revenue from the Province of Manitoba as operating grants and is economically dependent on the Province of Manitoba for continued operations.

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(In thousands of dollars)

RED RIVER COLLEGE POLYTECHNIC

23. Accumulated surplus:

		2026		2025
Invested in tangible capital assets	$	46,986	$	56,261
Accumulated surplus restricted for endowments		45,927		40,767
Net surplus		42,904		45,073
	$	135,817	$	142,101

Accumulated surplus restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income on these resources is externally restricted to fund various scholarships, bursaries, and other expenditures.

From time-to-time, the Polytech may restrict non-endowed funds for strategic initiatives and other future purposes and may establish reserves for these purposes.

24. Subsequent event:

On January 28, 2026, it was announced that the Manitoba Institute and Trades and Technology (MITT) will wind down operations, and select programs and operations will transfer to the Polytech subsequent to year-end. While planning with MITT and the Province of Manitoba is currently underway, much of the transition will happen in fiscal 2027.